

Message Text

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12
ACTION SS-25

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R 220909Z JUN 75
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 3228
INFO AMEMBASSY CAIRO
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C O N F I D E N T I A L KUWAIT 2641

EXDIS

E.O. 11652: XGDS-1
TAGS: EAID, EGEN, PFOR, KU, EG
SUBJ: EMERGENCY FINANCIAL ASSISTANCE TO EGYPT

REF: CAIRO 5927

1. MUHAMMAD HAMAD, KNOWLEDGEABLE COUNSELOR EGYPTIAN EMBASSY KUWAIT, INFORMED EMBOFF JUNE 21 THAT EGYPT WAS TO RECEIVED \$600 MILLION FROM SAUDI ARABIA AND \$500 MILLION FROM KUWAIT IN EMERGENCY FINANCIAL ASSISTANCE, WITH SOME PROMISE OF ADDITIONAL AID FROM UAE AND QATAR. HE PROVIDED NO DETAILS CONCERNING MECHANICS OF TRANSFER OR NATURE LOANS/CREDITS.

2. HAMAD OPINED THAT ABOVE FUNDS WOULD ONLY HELP EGYPT THROUGH ABOUT 6-8 WEEKS UNLESS THERE WAS SOME DRAMATIC CHANGE FROM PRESENT WAR ECONOMY. HE ADMITTED EGYPT WAS STRAPPED BY ITS BUREAUCRATIC SYSTEM AND POPULATION PROBLEMS, BUT STATED IT COULD NOT UNDERTAKE NECESSARY REFORMS WHILE WAR MENTALITY PERSISTED. SUCH ACTIVITY WOULD SHAKE EGYPTIAN SOCIETY WHICH GOE CANNOT RISK AT THIS TIME.

3. HAMAD SAID OFFICIAL VISITORS AND CORRESPONDENCE RECEIVED BY EMBASSY VERY PESSIMISTIC. THERE APPEARS TO BE NO ALTERNATIVE TO "ROUND FIVE", BECAUSE ISRAELIS HAVE NOW OPENLY STATED THEIR POSITION, THUS CANCELLING THE NEGOTIATING PROCESS. EVEN IF EGYPT WERE WILLING TO COME TO SOME AGREEMENT ABOUT SHARM AL-SHAYKH,
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FOR EXAMPLE, IT COULD NOT DO SO NOW. ACCORDING HAMAD, NEXT FEW

WEEKS WOULD BE CRITICAL AND EVERYONE WAITING USG REASSESSMENT.
NOW THAT ISRAEL HAD MADE HER POSITION CLEAR, THE USG COULD NO
LONGER PLAY A MIDDLE-MAN ROLE. IF USG WANTED TO AVOID STAGNATION
IN THE PEACE PROCESS, IT HAD TO TAKE AN ACTIVE ROLE, EVEN IF THIS
MEANT EXERTING PRESSURE.
MAU

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